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JPRS L/8306

5 March 1979

TRANSLATIONS ON PEOPLE'S REPUBLIC OF CHINA
(FOUO 2/79)

CHINA

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POLITICAL AND SOCIOLOGICAL

JAPANESE SHOW RENEWED INTEREST IN SENKAKU ISLANDS

Beijing Radio Mention

Tokyo YOMIURI SHINBUN in Japanese 28 Jan 79 p 3 OW

[Text] Tokyo (Radio Press)--At 1815 [0315 GMT] Japan time on 27 January, Beijing [Peking] Radio in its program "Various Parts of the Motherland" introduced Taiwan under the title [beautiful and affluent Taiwan." Touching on Diaoyudao [Tiaoyutao] (the Chinese name for the Senkaku Islands), the radio said: "Over 100 large and small islands, including the Penghu and Diaoyudao Islands, encircle Taiwan like pearls inlaid on a tray."

(WOMIURI editor's note: Concerning the question of ownership of the Senkaku Islands, during his visit to Japan last October to attend the signing ceremony for the Japan-China peace and friendship treaty, Vice Premier Deng Xiaoping [Teng Hsiao-ping] expressed the desire to temporarily shelve the issue for solution by the next generation. The 27 January broadcast is the first official Chinese report to mention the Senkaku Islands since Deng made his remarks. On 16 January, Transport Minister Moriyama disclosed a Maritime Safety Agency plan to build a heliport in the Senkaku Islands. In this context, this reference to Diaoyudao by Beijing Radio deserves our attention.)

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Japan to Build a Heliport

Tokyo ASAHI SHINBUN in Japanese 16 Jan 79 p 1

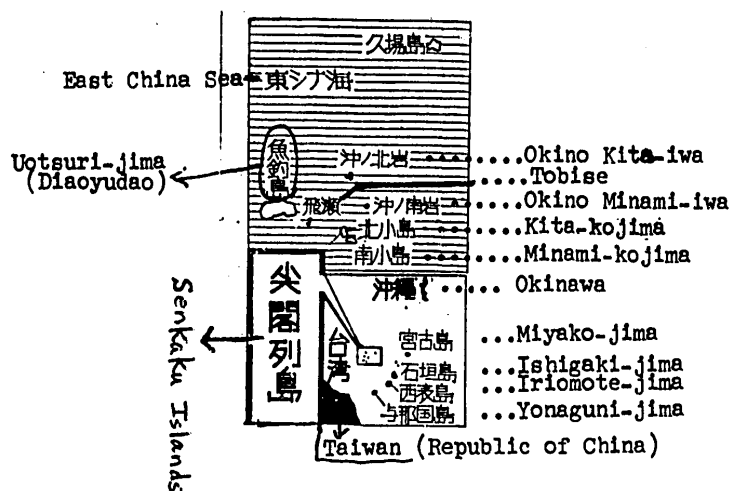
[Excerpt] Tokyo, 16 Jan--On 16 Jan 79, the Ministry of Transportation disclosed that the Maritime Safety Agency plans to build facilities that include a heliport, a light house, and a port of shelter in the Senkaku Islands. These facilities are to accommodate those investigators sent by the government, and it will be built strictly for temporary use. The Transportation Minister Moriyama stressed that the government has no intention of building fuel storage tanks and other such facilities. Considering the persistent rough seas surrounding the island during the

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winter, the agency plans to start construction this spring when the ocean calms down. The minister added that this matter has already been cleared with the Ministry of Foreign Affairs.



Uotsuri Jima (Senkaku Islands)



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POLITICAL AND SOCIOLOGICAL

BRIEFS

HELP ON TAIWAN ISSUE--A top-level official of the Foreign Ministry disclosed on the evening of 8 February that Vice Premier Deng Xiaoping had told Foreign Minister Sonoda that "from now on we may need the help of Mr Nadao more than we need yours." According to this official, Deng made the remark during his morning conversation with Sonoda on a future visit to China of House of Representatives Speaker Nadao. That same day, the Japanese foreign minister called on Deng at his hotel to bid him farewell. Earlier, during a 7 February dinner party given in his honor by Prime Minister Ohira, Vice Premier Deng personally asked Nadao to visit China. It has been said that China expects Nadao to play a role in achieving Taiwan's peaceful unification with the mainland since Nadao enjoys the great confidence of the Taiwan leaders. Vice Premier Deng's remark is regarded as support for this speculation. [Text] [Tokyo YOMIURI SHINBUN in Japanese 9 Feb 79 Morning Edition p 2 OW]

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ECONOMIC

STATUS, PROSPECTS OF PRC MOTOR VEHICLE INDUSTRY REPORTED

Tokyo NIKKAN KOGYO SHINBUN in Japanese 5 Dec 78 p 11

[Text] Currently the People's Republic of China (PRC) is implementing a Motor Vehicle Production Expansion Plan--a transportation bulwark essential to modernization. Lately China's requests to the Japanese [auto] manufacturers to cooperate in its venture have increased. Thus we investigated the current status of the PRC motor vehicle industry and its future prospects.

It is said that the PRC's population is in excess of 1 billion. The total productivity for 1976 was \$324 billion and per capita productivity was approximately \$340. These figures vis-a-vis the Japanese productivity standard represent the level for around 1958. After the ousting of the "gang of four," the PRC has embraced four modernization goals--agriculture, industry, national defense, and science and technology. In March of this year, it launched a Ten-Year Plan for Developing the National Economy as a means to realize these goals within this century. As far as the industrial category is concerned, the industrial production growth rate is set at a little over 10 percent per annum, and the plan is to increase crude steel production 2.5 times by 1985--to expand the 1977 tally of 25.6 million tons to 60 million tons. Needless to say, in conjunction with the expansion of crude steel production, motor vehicle production--the axial force in transportation--will also be enlarged.

It is said that in Asia, the only country outside of Japan that can manage motor vehicle production on its own is China. The current status, however, as seen from the 1977 record is that the largest plant, the Ch'ang-ch'un Motor Vehicle Manufacturing Plant Number 1, produced 60,000 trucks and 150 passenger cars, or a total of 60,150 motor vehicles. This plant is on a 1.5 million square meter site and the buildings occupy 660,000 square meters. The grounds and plant buildings are significantly larger than those of the Toyota Motor Industry's Takaoka plant (lot site: 1.3 million square meters; buildings: 490,000 square meters; annual production capacity: 700,000 vehicles). It is said that aside from the Ch'ang-ch'un plant, there are about 10 more plants with an annual production capacity

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in excess of 1,000 vehicles. There are 30 to 40 vehicle types in production. Over 90 percent of these are commercial-use vehicles such as trucks. The total production figure is 120,000 to 130,000 vehicles per year, still quite low. In terms of both "hard" and "soft" vehicle categories, growth is still a thing of the future.

The steps that China had taken to establish the current production format are as follows: the PRC imported a plant from the Soviet Union and commenced building the Ch'ang-ch'un Motor Vehicle Manufacturing Plant Number 1 in 1953. The plant began operation in 1956. This was the first step in the PRC's motor vehicle production. Under the Great Leap Forward policy, there was a proliferation of production plants; coupled with the confusion of the Cultural Revolution, motor vehicle production entered a period of non-growth. About 1970, the motor vehicle plants having been taken over by city and provincial authorities, a stable period was initiated; since 1977, growth has been steady.

The number of vehicles that the PRC possesses at this time is said to be between 1 million and 1.5 million. The majority have been in use for 10 to 20 years and about one-third are believed not to be functioning. The import status is between 15,000 and 20,000 per year, and is thought to represent 2 percent of total imports. The total number of imported vehicles appears to have reached some 400,000. Of this number, 200,000 were purchased from the Soviet Union and East European states prior to 1963. After 1964, with worsening relations between the PRC and the Soviet Union, importation from the West superseded importation from the communist bloc. The highest import volume is represented by Japanese vehicles, and as a result of a closer relationship between the two countries, further expansion of Japanese imports is the anticipated trend.

Let us look at the relationship between the major motor vehicle plants and the political structure and regional administrative organs. China's motor vehicle production is implemented by its 29 provincial, city and autonomous regions throughout the country. The plants having an independent production capability are situated in large cities--Ch'ang-ch'un, Peking, Shang-hai, Nan-ching, Chi-nan. These major plants are dually controlled by the central national organ's First Mechanical Industry Division, Motor Vehicle Section and regional administrative organs. The National Long-Range Comprehensive Regulatory Plan for Motor Vehicle Manufacture emanates from the central government's First Mechanical Industry Division, and local administrative governments have charge of personnel and labor regulations. Under this dual control, China's motor vehicle industry is steadily expanding. Now, vehicle parts can be produced entirely within the PRC. But due to the fact that there is a shortage of steel and other basic materials, demand and production have not been able to come to terms. Even under such difficult circumstances, efforts are being made to develop common parts for various models and to reduce costs. In concrete terms, the Peking brand jeep, Peking brand truck and T'ien-ching branch microbus all employ a common engine. Several vehicle types selected as popular models are said to have many other common parts.

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Needless to mention, the current status of the PRC motor vehicle industry is quite inferior in every respect to its Western counterparts, but it is also a fact that the PRC is actively developing the motor vehicle production industry as one aspect of modernization. Since the ousting of the "gang of four," there have been active exchanges between China and the motor vehicle manufacturers of various Western states.

Let us examine the recent foreign overtures made by China. In late December 1977, the PRC Mechanized Work Progress Institute made a request to the Association of Japanese Automobile Manufacturers for cooperation in dispatching 100 PRC trainees. In addition, in April 1978, while the economic mission headed by Lin Hu-chia [2651 0039 0502] (present City of Peking Revolutionary Council chairman) was visiting the Association of Japanese Automobile Manufacturers, he spoke of a plan to renovate and expand the Shang-hai Motor Vehicle Plant and put out a feeler regarding Japanese cooperation in the project. During April to May 1978, the PRC Motor Vehicle Industry Survey Commission, which included the First Mechanical Industry Division under secretary, the Motor Vehicle Section chief, and so on toured various European countries.

In the meantime, the Western manufacturers' overtures toward the PRC have been very active. It began when Mitsubishi jiko [Mitsubishi Automobile Manufacturing Company] and Isuzu Motors, Ltd submitted a plan for a large-size truck manufacturing plant during the latter half of 1977 and the early part of 1978. About the same time, Mercedes-Benz, Fiat, Volvo, and Renault also sent similar plans to China. In June 1978, Mitsubishi jiko accepted the trainees from the Ch'ang-ch'un Motor Vehicle Manufacturing Plant Number 1 and began training them. In June 1978, Henry Ford II visited China; in September 1978, the Toyota Survey Commission visited Peking, and President Kubo of Mitsubishi jiko as well; in October, General Motors Chairman of the Board Murphy, as well as a survey commission dispatched by Mitsubishi jiko, Isuzu Motors, Hino Motors, Ltd and Toyota went to the People's Republic of China.

Immediate Emphasis on Trucks

With regard to the future of the PRC's motor vehicle industry, production is expected to reach 410,000 vehicles by 1990--exportation: 20,000; sales: 465,000; and importation: 75,000. Regarding vehicle types to be manufactured, the emphasis for the time being will be on truck production in order to achieve the aforementioned four modernization goals. It is not likely that private ownership of passenger cars will be recognized.

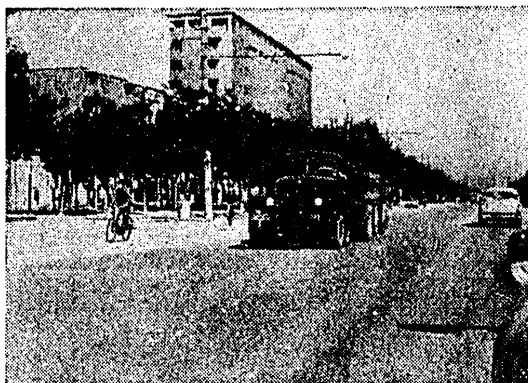
Moreover, in the case of China, due to its adherence to the principle of "attaining success by overcoming difficulties," it cannot admit foreign capital to increase productivity under a joint management format. It does not seem possible that China would ever become an attractive market for Japan or the Western states. But since at present the Japanese and European manufacturers are actively submitting their opinion papers regarding plants, and are very supportive, it would appear that there will probably

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be technical assistance contract level associations for modernizing China's motor vehicle manufacturing plants.

PRC's 1976 Exports--\$7.25 Billion

According to the U.S. government data, the PRC's exports for 1976 amounted to \$7.25 billion. The import figure was \$6.005 billion. In terms of major foreign trade transactions, Japan was its top customer in both the import and export categories. China exported \$1.305 billion worth of goods to Japan and imported \$1.752 billion worth of goods from Japan. This relationship has since been expanded. After normalization of relations between the two countries resulting from the signing of the Japan-China Amity Agreement, the Japanese automobile industry's contribution to the closer relationship has been considerable.

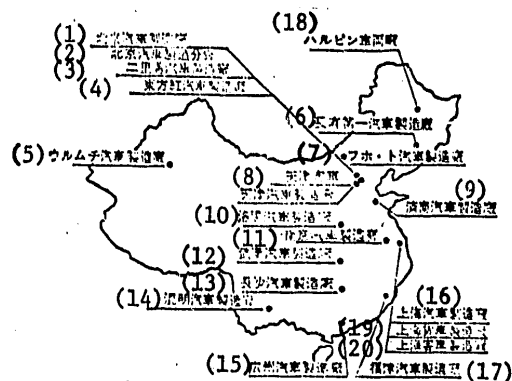


Bus (Upper Photo) and Truck (Lower Photo) in a City

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Major Motor Vehicle Plants in China



Key:

1. Peking Motor Vehicle Manufacturing Plant
2. Peking Motor Vehicle Manufacturing Subplant
3. Erh-li-kou Motor Vehicle Manufacturing Plant
4. Tung-fang-hung Motor Vehicle Manufacturing Plant
5. Wu-lu-mu-ch'i [Urumchi] Motor Vehicle Manufacturing Plant
6. Ch'ang-ch'un Motor Vehicle Manufacturing Plant No 1
7. Hu-ho-hao-t'e [Huhehot] Motor Vehicle Manufacturing Plant
8. T'ien-ching [Tientsin] Passenger Car, Motor Vehicle Manufacturing Plant
9. Chi-nan Motor Vehicle Manufacturing Plant
10. Lo-yang Motor Vehicle Manufacturing Plant
11. Nan-ching [Nanking] Motor Vehicle Manufacturing Plant
12. Wu-han Motor Vehicle Manufacturing Plant
13. Ch'ang-sha Motor Vehicle Manufacturing Plant
14. K'un-ming Motor Vehicle Manufacturing Plant
15. Kuang-chou [Canton] Motor Vehicle Manufacturing Plant
16. Shang-hai Motor Vehicle Manufacturing Plant
17. Fu-chien [Fukien] Motor Vehicle Manufacturing Plant
18. Ha-erh-pin [Harbin] Rolling Stock Plant
19. Shanghai Freight Car Manufacturing Plant
20. Shanghai Passenger Car Manufacturing Plant

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Outline of PRC's Major Motor Vehicle Plants

Major Vehicle Types									
Name of Plant	Production Commencement Date	Vehicle Name	Passenger Capacity (Carrying Capacity)	Engine	Maximum Output (PS/rpm)	Maximum Torque (kg m/rpm)	Maximum Speed (km/h)	Production Capacity/Year (1977 estimate)	Number of Employees (1977 estimate)
Ch'ang-ch'ueh Motor Vehicle Manufacturing Plant No 1	1956	"Liberation" truck	4-5 tons	gasoline 6C 5.55 l	95/2800	31/1100-1200	75	60,000	approximately 40,000
Peking Motor Vehicle Manufacturing Plant		"Red Flag" passenger car	9	5.65 l	220/4400	42/2800-3000	160	150	
Peking Motor Vehicle Manufacturing Plant		"Peking" jeep	6	gasoline 4C			98	10,000-15,000	
Peking Motor Vehicle Manufacturing Plant	1958?	"Peking" truck	2 tons	2.455 l	75/3500-4000	17.5/2000-2500	85	7,000	approximately 12,000
Chi-nan Motor Vehicle Manufacturing Plant		"Yellow River" truck	8 tons	diesel 6C 12.0 l	160/1800	70/1200-1300	71	2,000	
Man-ching Motor Vehicle Manufacturing Plant		"Great Leap" truck	2.5 tons	gasoline 6C 3.48 l	88/3300	22/1800	76	10,000	80%
Shang-hai Motor Vehicle Manufacturing Plant		"Shang-hai" truck	2.0 tons	gasoline 4C 2.29 l	75/4000	16/2400	85	5,000	
Shang-hai Motor Vehicle Manufacturing Plant		"Shang-hai" passenger car	6	gasoline 6C 2.23 l	90/4800	15/3500	130	2,000	
Wu-han Motor Vehicle Manufacturing Plant		"Wu-han" truck	2.5 tons	gasoline 6C			70	1,000	
Wu-han Motor Vehicle Manufacturing Plant		"Wu-han" jeep	6	gasoline 4C 2.66 l	80/4000	19/2200-2400	102	2,000	
Kuang-chou Motor Vehicle Manufacturing Plant	1969	"Red Guard" truck	3.5 tons	gasoline 6C 4.371 l	120/3400	30/2000-2200	80	2,000	80% 2,100

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SHANDONG RUBBER FACTORY--Mitsubishi of Japan will build a rubber factory in the PRC's Shandong Province by 1982. Located in the Shengli petro-chemical complex, the factory is expected to produce 80,000 tons of rubber annually. The [construction] contract is in the amount of \$33.3 million. [Text] [Paris VALEURS ACTUELLES in French 29 Jan 79 p 55]

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